



## The Hypocrisy and Foolishness of Warren Buffett

As you may know, Buffett has long been urging the government to seize more money from the rich, with the rationale that they have an obligation to pay more. In response, many traditionalists have told him to put up or shut up: If he truly believes in what he says, there's nothing stopping him from writing a check to Big Brother as large as his socialism-espousing mouth. And now Buffett has a response:



He will if his critics will.

Writes Rana Foroohar at [Time magazine](#):

[In response to Buffett's tax challenge] Senator John Thune promptly introduced the "Buffett Rule Act," an option on tax forms that would allow the rich to donate more in taxes to help pay down the national debt. It was, as Buffett told me for this week's TIME cover story, "a tax policy only a Republican could come up with."

Still, he's willing to take them up on it. "It restores my faith in human nature to think that there are people who have been around Washington all this time and are not yet so cynical as to think that [the deficit] can't be solved by voluntary contributions," he says with a chuckle. So Buffett has pledged to match 1 for 1 all such voluntary contributions made by Republican members of Congress. "And I'll even go 3 for 1 for [Senator Mitch] McConnell," he says.

"[A] tax policy only a Republican could come up with"? You mean, offering people the freedom to act in accordance with their own consciences as opposed to the obviously more moral practice of putting a metaphorical gun to their heads and making an offer they can't refuse?

But the logical leaps of the Left could put a kangaroo to shame. Foroohar opens her piece by writing, "Warren Buffett is ready to call Republicans' tax bluff." In other words, despite being a professional writer, Foroohar isn't well acquainted with the term "bluff." But I can be of assistance.

A bluff is when, for some type of gain, you claim willingness to do something you're not actually willing to follow through on. In the Republicans' case, they never expressed a belief in higher taxes on the rich or a desire to voluntarily send more money to the government, so there was no bluff. If anything, in introducing the Buffett Rule Act, they were calling the billionaire's bluff.

And he blinked.

In fact, some would say he's looking a tad hypocritical.

You see, if you believe a principle is a moral imperative, you don't make adherence to it contingent



Written by [Selwyn Duke](#) on January 13, 2012

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upon other people's embrace of it. I'll respect life if you will? I'll not steal if you don't? I won't cheat on my wife if you won't cheat on yours? It doesn't work that way. If something is a moral imperative, then, yes, you do have a duty to encourage your fellow man to abide by it. First and foremost, however, you have an obligation to walk its walk yourself. This is called leading by example. As for Buffett, the example he's setting is a bit different: His company, Berkshire Hathaway, [owes taxes](#) going back to 2002 — to the tune of \$1 billion.

Of course, perhaps Buffett doesn't really think his tax proposal is a moral imperative. But if he just considers it a preference, he doesn't occupy moral high ground. And then, please, spare us the self-righteous blather.

He ought to reconsider the chest-pounding as well. He says that on additional tax payments he'll "go 3 to 1 for McConnell." Big talk.

How about 4,000 to 1?

I say this because while McConnell is worth \$10 million, Buffett weighs in at a whopping \$45 *billion*. So considering that the billionaire is worth *4,500 times as much* as the politician, does he still seem so bold throwing down a gauntlet at 3 to 1? You would think a man so conscious of where the rich stand vis-à-vis average income folks might have a better sense of where the *mega-rich* stand relative to average rich folks. And if this reflects his grasp of progressivism in money matters, perhaps he's not the best man to listen to on tax policy.

Buffett is dishonest, too — if not with others, at least with himself. When lobbying for higher taxes, he has used as a prop his secretary, who he claims pays a higher rate than his "17.4 percent." What he tends to gloss over, however, is that this is because he pays himself a salary of only \$100,000, choosing instead to receive more wealth in the form of dividends and capital gains. These are taxed at the relatively low rate of 15 percent, and for good reason: to encourage investment. Raise that rate, and the stock market starts bleeding investors. Moreover, as writer Dan Mitchell [points out](#):

When Buffett receives dividends and capital gains, it is true that he pays "only" 15 percent of that money on his tax return. But dividends and capital gains are both forms of double taxation. So if he wants honest effective tax rate numbers, he needs to show the 35 percent corporate tax rate.

Moreover, as [I noted in a previous post](#), Buffett completely ignores the impact of the death tax, which will result in the federal government seizing 45 percent of his assets. To be sure, Buffett may be engaging in clever tax planning, so it is hard to know the impact on his effective tax rate, but it will be significant.

In other words, as Mitchell concludes, Buffett's effective tax rate is almost definitely far higher than that of his employees.

As far as an extra tax contribution goes, however, I wouldn't hold my breath waiting for Mr. 3 to 1 to cough it up. And, in reality, it would do little more than salve his conscience, anyway. After all, with the profligate feds spending \$3.7 trillion a year, Buffett's *entire fortune* would keep the government running for only 4½ days. And what if other rich folks kicked in? Well, consider [this](#): If we taxed all income above \$250,000 dollars at a 100-percent rate, confiscated all the profits of every Fortune 500 company and the entire net worth of America's 400 billionaires, it would keep the government running only through — drum roll — mid-August.

Clearly, we're not going to tax our way out of budget woes caused by out-of-control spending. Yet



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Warren Buffett never mentions cutting the budget, wearing as he does the mind-chains of a failed ideology. But not to worry. If he and his fellow travelers succeed in slapping poverty-inducing socialist chains on our economy, he'll still have his billions.



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